



Kentucky Thoroughbred Breeders' Incentive Fund (KBIF)

On December 29, 2005, Governor Ernie Fletcher signed an emergency regulation to implement the Kentucky Thoroughbred Breeders' Incentive Fund, as part of a larger tax modernization plan. Breeders of horses running beginning on January 1, 2006 will be eligible for awards from the Fund. The emergency regulation will be replaced by an ordinary regulation that was also filed on December 29th. Amendments may be made to the ordinary regulation to reflect comments received during the process. The Kentucky Horse Racing Authority has already received many questions and some suggestions for minor changes to the forms used. We thought a brief question and answer publication might be helpful. The goal of the program is to give approximately \$12,000,000 back to the thoroughbred breeders as an incentive to breeders to breed their mares in Kentucky and to keep them here. This is a positive program for the horse industry and we hope it will run smoothly going forward.

**FREQUENTLY ASKED QUESTIONS APPLICABLE TO FOALS BORN AT ANY TIME
(BEFORE OR AFTER THE INCEPTION OF THE PROGRAM)**

Q. Who is eligible for the award?

A. The breeder of record of a horse that qualifies under the program. The KHRA will rely on the records of the Jockey Club in determining the breeder of record.

Q. How do I register my horse so that I receive awards I am due.

A. The timing and type of registration will depend on when the foal is born. Foals born in 2007 and in the future must be registered before August 1st of the year the mare is bred. Foals born in 2006 and prior years are grandfathered into the KBIF program if the foal is KTDF eligible. The requirements for each type of application are discussed further in their respective sections below.

Q. How do I know the information I provide will not be shared? (tax identification number, social security number, etc.) Does Kentucky government have a written policy I can obtain stating that this information will not be shared?

A. The KHRA is an executive branch agency and must comply with the Open Records Law. The KHRA is required to redact all personal information where the public disclosure thereof would constitute a clearly unwarranted invasion of personal privacy.

Q. Will breeders be notified they are eligible for an award by KHRA? If so, when?

A. Yes. A notice will be sent to each breeder who is eligible for an award. If a horse has multiple breeders, the KHRA will send the form to the managing partner as determined by the forms on file with the Jockey Club and the KHRA. Once the operational aspects of the program are in full effect, notices will be sent on a quarterly basis. We anticipate the first set of notices to be sent during the summer of 2006. The award application form will not need to be returned until after the racing year ends and the breeder receives a notification from the KHRA of all of the awards for which the breeder qualifies.

Q. Can a farm manager register on behalf of the breeder? Is any type of form needed, i.e. - an authorized agent form?

A. Yes, a farm manager or agent can register on behalf of the breeder. The KHRA wants to make the process as easy as possible for the breeders. If a boarding farm is acting as agent for the breeder, an authorized agent form should be filed with the KHRA. The form will be posted on the KHRA website (www.khra.ky.gov).

Q. What if there is more than one breeder? Whose name do we put on the registration form?

A. We will need the names of all breeders. The application needs to match the breeder of record with the Jockey Club.

Q. What do we need to do if the information changes from that provided on the initial registration form?

A. It is the breeder's responsibility to provide accurate information to the KHRA and to file an amendment if the original information changes. An amendment form will be available on the KHRA website (www.khra.ky.gov). An amended form is not required if the only change is a change of address for the mare, provided the mare remains in Kentucky.

Q. Does the signature need to be an original signature or will the KHRA accept a fax signature?

A. The KHRA will accept an original signature or a facsimile signature. The KHRA is in the process of installing a system that will allow for on-line registration. Until that is available, paper registration will be required.

**FREQUENTLY ASKED QUESTIONS RELATING TO THE BREEDING
SEASON BEGINNING IN 2006 AND FUTURE BREEDING SEASONS**

Q. When is registration due?

A. The deadline for filing the registration is August 1st of the year the mare is bred. The filing fee is \$60 per mare registered. For the 2006 breeding year only, breeders may, in the alternative, register their mares any time from the beginning of the breeding year up to 45 days after the mare's first cover with an accompanying \$30 fee. This option for the 2006 breeding year relates to the emergency regulation filed in late December 2005 which requires filings within 45 days of the first cover. After receiving comments from several breeders, the filing date was changed to August 1st of the year the mare is bred. The KHRA will be proposing that the language of the ordinary regulation be modified to provide for a single application deadline of August 1st and a single fee of \$60 per in- utero foal registered for 2007 and all future years.

Q. Why can't we wait until the foal is born to register?

A. The purpose of the Thoroughbred Breeders' Incentive Fund is to encourage breeders to retain their mares in Kentucky during the entire gestation period. The program was designed for an inspector to be able to visit the farms where the mare is being kept to confirm that the mare does in fact remain in Kentucky for the entire gestation period. The KHRA will also be authorized to review documentation to verify the mare did not leave Kentucky.

Q. Is the mare's registration number required?

A. No. After receiving comments and having discussions with the Jockey Club, the KHRA has determined that the mare's registration number is no longer required. You must provide the year of birth of the mare, name of the mare and the dam sire for identification of the mare.

Q. Why is the stallion's registration number needed? How can farm managers obtain it? Will the KHRA have a list of these numbers from the Jockey Club?

A. After receiving comments from several breeders and an analysis of the information required, the decision has been made to not require the stallion's registration number. The form has been amended to reflect this change and is now on the KHRA website (www.khra.ky.gov). If you are using an older form or have already sent in a form without the stallion registration number, that will not cause the form to be deficient.

Q. Is it absolutely necessary to have the stallion manager's signature?

A. No. After receiving comments from several breeders and an analysis of the information required, the decision has been made to not require the stallion manager's signature. A new form is on the KHRA web site (www.khra.ky.gov) to reflect this change. If you have an older form or have already submitted a form without the stallion manager's signature that will not cause the form to be deficient.

Q. What rules apply to mares when they change hands at public auction or private sale in Kentucky? For example, if a mare pregnant to a Kentucky stallion never left the state and is sold, can the foal still participate in the program for the buyer of the pregnant mare?

A. Technically, it is the unborn foal that is registered. If a pregnant mare is sold and the pregnant mare remains in Kentucky, the purchaser may file an amendment to the original registration form stating that the purchaser will be the new breeder of record and amend the boarding location. The new mare owner must verify his/her intention to keep the mare in Kentucky until foaling. The form will be available on the KHRA website (www.khra.ky.gov). There is no additional fee associated with filing an amendment or transfer of ownership form.

Q. If a breeder sells a pregnant mare and a filing has not been made to register the unborn foal, but all of the requirements would have been met (other than the filing), will the purchaser be able to establish qualifying status for the foal the mare is carrying?

A. Under certain circumstances a purchaser or the breeder can file a hardship registration so the foal can participate and the breeder of record can receive an award for winning a specified race. The breeder must prove to the KHRA inspectors that the mare has resided in the state for the entire duration of the pregnancy. The filing must be done prior to the first race. There is a substantial fee associated with a hardship registration.

Q. If the mare is barren or the foal is aborted during the breeding season will the registration money be refunded?

A. No, the registration fee will cover the cost of tracking residency and administering the program. Once the fee is paid it is non-refundable. After receiving comments, the filing deadline was changed to August 1, so an owner of a mare that is not pregnant by that date will not be required to apply under KBIF and will not be responsible for paying the \$60.00 filing fee. The KHRA also believes it will be easier for farm management to keep track of one filing date.

Q. If a farm sends in registration forms and the foal is unnamed, how will the name be registered with the KHRA once a name is given and approved?

A. The Jockey Club will provide the KHRA with this information along with the resulting Foal Registration Number, which is necessary for distributing the Breeders Awards.

FREQUENTLY ASKED QUESTIONS RELATING
TO FOALS BORN IN 2006 OR BEFORE

Q. If a horse (born in 2006 or before) was eligible to be registered under KTDF, but was not registered, then sold; can the new owner register the horse now and be eligible for an award?

A. It is the breeder who is eligible to win an award, not the owner. The breeder won't change. The person entitled to receive an award will be the breeder of record as filed with the Jockey Club. For horses foaled in 2006 and before the horse just needs to be KTDF eligible, the horse does not need to be registered with the KTDF. The KHRA will send a form to let the breeder know that their horse has earned an award. The breeder will simply complete the KBIF registration form and return the form to the KHRA. Since the KHRA is going to notify the breeder of record on file with the Jockey Club when awards are earned the breeders do not need to file a registration until the horse has earned the breeder an award. However, it would be prudent to confirm that the breeder's address on file with the Jockey Club is accurate. Some breeders have expressed a desire to go ahead and apply for each horse they have bred just to be on the safe side. This is certainly acceptable but is not required.

Q. What do I need to do if I breed a horse that qualifies for an award during 2006?

A. You do not need to make a filing now to be eligible to receive an award for racing occurring during 2006. You will receive a notice if you are eligible for an award. The breeder will have until December 31, 2007 to apply for the award. An award form will be available on the web site at www.khra.ky.gov.

Q. What do I need to do if I have a mare that is going to deliver a foal during 2006?

A. You do not need to make a filing now to be eligible to receive an award for a foal born during 2006. Once the foal is of racing age, if the horse wins a race, the KHRA will notify you that the foal has earned you an award. You should make a filing after the end of the racing year to qualify for the award. So, if you are the breeder of a foal born during 2006, which wins a race in 2009, you will have until December 31, 2010 to make a filing to claim your award.

Q. Is a fee due in connection with applying for the award?

A. One \$30.00 fee per horse is due. It is contemplated that the \$30.00 fee per horse will be deducted from the award amount. For horses born in 2007 and afterward, the filing fee will be paid when registering the in-utero foal and no additional fee will be due in connection with applying for an award.

Q. Is the Jockey Club certificate for the horse required to be filed along with the award form?

A. No. After receiving comments and discussions with the Jockey Club, the KHRA has decided not to require the Jockey Club certificate to be filed. The KHRA will obtain the registration number or a unique identifying number for the foal from the Jockey Club.